



PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

December 2018

Report No. 2018-13

2018 Legislation Enacted Based on PED Reports

The Program Evaluation Division (PED) is a central, non-partisan unit of the Legislative Services Commission of the North Carolina General Assembly that assists the General Assembly in fulfilling its responsibility to oversee government functions. The mission of the Program Evaluation Division is to evaluate whether programs or activities of a state agency, or programs or activities of a non-state entity conducted or provided using state funds, are operated and delivered in the most effective and efficient manner and in accordance with law. PED primarily supports legislative oversight by conducting independent evaluations of state government as directed by the Joint Legislative Program Evaluation Oversight Committee (JLPEOC). At the conclusion of the evaluation process, PED generates a report that typically makes recommendations for legislative action.

During its 2018 legislative session, the North Carolina General Assembly enacted legislation derived from four reports published by PED.

Report	VIPER and FirstNet are Vital for Public Safety Interoperability, but VIPER Requires Upgrades (April 2018)
Summary	North Carolina's Voice Interoperability Plan for Emergency Responders (VIPER) and FirstNet technologies share the common purpose of improving interoperability for public safety first responders, but the Program Evaluation Division (PED) found the two systems complement rather than duplicate functionality. Each system possesses important capabilities for first responders that the other system does not offer. In addition, the VIPER system is supported by equipment purchases and in-kind contributions from local agencies; charging user fees could reduce participation in the network and diminish statewide interoperability. Furthermore, approximately 70% of VIPER's 220 sites contain infrastructure or equipment from non-state entities, and these partnerships are crucial to VIPER's success. PED found that failure to upgrade VIPER's base stations and related software will adversely affect VIPER's continued reliability and interoperability.
Recommendations	The General Assembly should direct the Department of Public Safety (DPS) to increase its VIPER outreach programs and determine the value of in-kind contributions. The General Assembly should also consider appropriating funds to upgrade VIPER base stations and establish routine software updates.
Legislation	<p>Session Law 2018-5, Section 16B.1 directs DPS to</p> <ul style="list-style-type: none">• determine the value of all in-kind contributions made by units of local government, the federal government, and nongovernmental entities to support VIPER;• increase outreach to VIPER stakeholders beyond those that participate in the State Interoperability Executive Committee, potentially including zone or regional meetings conducted by the State Highway Patrol with local chiefs of police, sheriffs, fire chiefs, and representatives of emergency medical services; and• conduct an annual survey of local, state, and federal users of VIPER in order to track and measure user satisfaction and feedback over time. <p>Session Law 2018-5, Section 16B.2 transfers \$16.5 million for VIPER support and upgrades.</p>

Report	Opportunities Exist to Enhance the Effectiveness of the Educator Preparation Program Data Reporting System (June 2018)
Summary	An Educator Preparation Program (EPP) provides individuals with the knowledge, skills, and training to meet teacher licensure requirements and secure teaching positions. North Carolina has 47 approved EPPs housed within public, private, or independent colleges and universities. The current approach to EPP reporting produces documents that are difficult to interpret, lacking uniformity and helpful data indicators. The State has the data and advisory bodies needed to adopt a streamlined approach to reporting in the form of a performance-based, weighted model that reflects state priorities and assesses EPP performance individually and comparatively. The Program Evaluation Division built such a model to demonstrate the State's ability to enhance reporting.
Recommendations	The General Assembly should add an EPP employment performance standard to state law; direct adoption of a small group exception for EPP sanctioning; direct development of a plan for incorporating private EPP data into the UNC Educator Quality Dashboard and management thereof; and require the development of a performance-based, weighted model for reporting EPP data to replace current reporting efforts.
Legislation	Session Law 2018-32, Section 3.(a) directs the State Board of Education to create an annual report card in a common format for each EPP that <ul style="list-style-type: none"> • summarizes the information collected in the annual performance reports, • is easily comparable between EPPs, and • is available to the public through the State Board's website.

Report	Local Education Funding Dispute Resolution Process Is Effective and Economical, but Litigation Could Be Eliminated (May 2017)
Summary	When local boards of education and boards of county commissioners cannot reach agreement on a budget, state law sets out a procedure for achieving resolution that is structured into two phases: pre-litigation and litigation. This process is used infrequently and seldom reaches the litigation phase; when the process has been used, the outcomes have not historically favored either party and may serve to improve future budgeting efforts. However, litigation is costly and time-consuming. North Carolina and Tennessee are the only states with elected school boards that are fiscally dependent on county commissioners, but Tennessee uses a default funding mechanism to avoid litigation.
Recommendations	If it wants to eliminate litigation from North Carolina's local education funding dispute process, the General Assembly should revise state law to preserve the benefits of the pre-litigation phase while replacing the litigation process with a default funding mechanism. The General Assembly should also direct the Local Government Commission and School of Government at the University of North Carolina at Chapel Hill to convene a working group to develop and recommend statutory parameters for fund balances maintained by local boards of education.
Legislation	Session Law 2018-83 repeals the statutory authority for a local board of education to file a legal action challenging the sufficiency of funds appropriated by a board of county commissioners; provides a formula for determining the amount of funds to be appropriated in the event a budget dispute cannot be resolved by mediation; and establishes a working group to address fund balances maintained by local boards of education.

Report**Modifications to Inmate Pharmacy Purchasing and Monitoring Could Save \$13.4 Million Annually (October 2018)****Summary**

Pharmaceutical-related expenditures for inmates totaled \$72.7 million in Fiscal Year 2016–17, an 88% increase from five years ago. PED found North Carolina's failure to participate in a federal discount program caused the State to pay more for inmate prescription medications than necessary. Corrections departments in 16 other states have established such arrangements, which could save North Carolina approximately \$13.3 million annually. PED also found the Department of Public Safety (DPS) cannot ensure the effectiveness of expenditures for certain high-cost medications that inmates are allowed to keep on their person; does not collect sufficient data to take disciplinary action when medications are lost during inmate transfer; and does not perform adequate data collection and oversight of prescriptions filled at local pharmacies. Finally, North Carolina does not charge inmates copayments for prescriptions; establishing such charges could generate up to \$1.5 million annually.

Recommendations

The General Assembly should direct DPS and UNC to establish a 340B discount program and direct DPS to require certain high-cost medications not be kept on an inmate's person; establish controls and collect and analyze data on medications lost during transfer; and develop statewide contracts with retail pharmacies for local medication purchases and develop an oversight mechanism.

Legislation**Session Law 2018-143:**

- directs the Legislative Services Commission to contract for a consultant with expertise in the United States Health Resources and Services Administration (HRSA) 340B program to prepare a proposal for the HRSA-compliant purchasing of inmate medications through a Disproportionate Share Hospital (DSH), including, but not limited to, the University of North Carolina Health Care System (UNCHCS); and
- directs DPS Health Services to
 - revise its policies and procedures to reflect that any supply of a prescription for the treatment of conditions other than HIV with a per-supply value of one thousand dollars (\$1,000) or more be designated as Direct Observation Therapy;
 - collect data, develop internal controls, establish disciplinary actions, and initiate an internal audit of processes related to medication losses occurring during inmate transfer; and
 - adopt a statewide reimbursement for local purchases of limited quantities of medicine, obtain monthly electronic invoices of prescriptions filled by each prison from the vendor, and establish a formal oversight mechanism to ensure prescriptions written by providers to be filled at local pharmacies do not exceed the quantities specified in the department's policy.

Also in 2018, the General Assembly enacted four other session laws relevant to PED.

Report	Legislation	Legislative Action
<p>Opportunities Exist to Improve the Efficiency of the State's Administrative Services (April 2018)</p>	<p>Session Law 2018-5, Section 36.2.(a) Appropriations Act of 2018</p>	<p>Appropriates \$5 million to Legislative Services Office to develop state government facilities master plan.</p>
<p>North Carolina Should Centralize Management of State Employee Supplemental Insurance Benefits (August 2015)</p>	<p>Session Law 2018-64 Pretax Supplemental Benefits</p>	<p>An act to allow products selected by the Employee Insurance Committees to be offered on a pretax basis.</p>
<p>N/A</p>	<p>Session Law 2018-5, Section 5.6.(n) Appropriations Act of 2018</p>	<p>Directs the Program Evaluation Division to study implementation of the 2016/2017 Disaster Recovery Acts.</p>
<p>N/A</p>	<p>Session Law 2018-101 Amend PED Statutes</p>	<p>An act to amend the Program Evaluation statutes to make it explicit that the Division may evaluate non-state entities that receive or expend any state funds; add administration of Measurability Assessments as a function of the Division; create standardized evaluation reports; and revise the powers and duties of the Joint Legislative Program Evaluation Oversight Committee.</p>

Lastly, JLPEOC endorsed bills based on recommendations from four other PED reports. The bills were not enacted before the end of the legislative session.

Report	Report Recommendations	Non-Enacted Legislation
<p>Most Departments' Spans of Control and Number of Organizational Layers Do Not Meet Recommended Levels (Dec 2016)</p>	<p>The General Assembly should direct the Office of State Human Resources to monitor spans of control and organizational layers on an ongoing basis and direct the Office of State Budget and Management to study these topics every five years.</p>	<p>H1033/S774 – An act to establish a process for monitoring spans of control and organizational layers within state agencies.</p>
<p>Options Exist for Increasing Lottery Proceeds for Education (May 2017)</p>	<p>The General Assembly should require the NC Lottery to establish targets for retailer growth and annually report on its performance; direct the Lottery to examine the retailer compensation structure and consider developing alternatives; direct the Lottery to provide a business case for options to increase lottery ticket sales; and require the Lottery to annually report on the effectiveness of advertising expenditures.</p>	<p>H1036/S790 – An act to make various changes to the North Carolina State Lottery.</p>
<p>Opportunities Exist to Improve the Efficiency of the State's Administrative Services (April 2018)</p>	<p>PED identified opportunities to improve operational efficiencies in six divisions. Additional efficiencies can be achieved through establishment of legislative performance measures. The General Assembly should require business case analyses be performed and statutes amended to include these measures. Also, the Department of Administration should be directed to establish a dedicated Project Management Office.</p>	<p>H1042/S759 – An act recommending improved efficiencies of the State's administrative services.</p>
<p>Meeting Current Standards for School Nurses Statewide May Cost Up to \$79 Million Annually (May 2017)</p>	<p>The General Assembly should direct the State Board of Education to formulate a new goal and strategic plan for school nurse staffing levels and direct the Department of Health and Human Services and the Department of Public Instruction to combine the Child and Family Support Teams and School Nurse Funding Initiative into a single program and implement acuity models at state and local levels.</p>	<p>S793 – An act to direct the State Board of Education to recommend a school nurse staffing standard and develop an implementation plan to meet that standard; to direct DHHS and DPI to develop a plan to consolidate certain school-based nursing funding programs; to require DHHS to examine Medicaid rates for school-based nursing services; and to establish Medicaid reimbursement for school-based nursing services documented on 504 plans and individual health plans.</p>

For more information on this follow-up report, please contact Josh Love at josh.love@ncleg.net.

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